

Michigan Senate Education Committee Hearing  
Thursday, April 23, 2:30 PM

Testimony of Mr. Robert C. Bobb  
Emergency Financial Manager  
Detroit Public Schools

Good afternoon Chairman Kuipers, and members of the Senate Education Committee. My name is Robert C. Bobb and I serve as the Emergency Financial Manager for the Detroit Public Schools. I would like to thank Governor Granholm for the opportunity to serve in this role. I am very pleased to be here this afternoon to discuss with the Committee the decisions that I have made on behalf of Detroit's children since taking on this role, as well as to discuss our plans for the future of the Detroit Public Schools.

**Background**

Before detailing the work we've begun, I would like to briefly share with you my professional and personal background. I am a former City Administrator and Deputy Mayor for Washington, D.C. where I served as the District of Columbia's Homeland Security Advisor. There I managed a workforce of approximately 20,000 employees and an overall budget of \$8 billion dollars. I have served as City Manager of Oakland, California and Executive Director of the Oakland Redevelopment Agency, and as City Manager of Richmond, Virginia, Santa Ana, California, and Kalamazoo, Michigan. Most recently I served as the citywide elected President of the Washington, D.C. Board of Education, and later as President of the District of Columbia State Board of Education. I am a Fellow of the National Academy of Public Administration as well as a Fellow and graduate of the 2005 Broad Foundation Urban Schools Superintendents Academy.

Education has been critical to my success throughout my lifetime. Growing up as one of five children on a sugar cane plantation in southwest Louisiana, I developed a deep personal dedication to proving that if there is a will to succeed, and adults who nurture that will, environments can be created that allow all children to learn and succeed. I believe strongly that we cannot accept the intolerable conditions that perpetuate failure in

our education system. To do so is criminal and an injustice to the future of our children. As a result, my work is guided by the core tenet that we must put aside our adult interests and keep the children at the forefront of every decision we make.

### **Action Steps**

With this philosophy in mind, we have taken several necessary actions since my arrival in Detroit almost two months ago. We have announced 23 candidate schools for closure next school year and plan to make final decisions on these closures by May 8, 2009. We have sent layoff notices to 600 teachers and have sent 786 non-renewal notices to administrators and central office staff as a part of a full scale human capital review. We released an initial deficit elimination plan, which has been approved by the state on a contingent basis. We submitted an amended consolidated application to the Michigan Department of Education that details proposed spending for our Title I dollars. We have been fully engaged in the difficult work of addressing the financial problems that were the impetus of the Senate and Gubernatorial action that led to my appointment. We have hired a senior financial team made up of individuals who have significant depth of experience in municipal finance and audits, with our CFO, Auditor General and Inspector General. This team holds a combined 93 years of experience including significant roles at the Federal Bureau of Investigation and the U.S. Government Accountability Office. Our CFO will ensure that we reign in spending, our internal auditor will identify weaknesses in our internal controls and make the necessary improvements to ensure that we are good stewards of public dollars, and our inspector general will root out waste, fraud or abuse wherever it exists in our school system. With this leadership we have issued nine Executive Orders to reign in spending and we have adopted new whistleblower and ethics policies to ensure that we are conducting our business in an appropriate manner.

We have also announced plans for the most comprehensive summer school program in Detroit's history. The Emergency Student Achievement Summer School Academies, is a federally funded \$52 million program that is designed to engage students over the

summer months. This program targets every low-income student in DPS who reads below grade level, is behind in math, or is behind in science. We are hopeful to see an active turn out of 41,000 students, which represents more than four in ten of all DPS students across the city. I intend to urge the entire community to get behind this program so that we have 100 percent participation among eligible students who are not achieving at grade level in our core subject areas.

### **DPS Challenges**

While we have made great strides to implement improvements since arriving in Detroit, we have a number of challenges that must be addressed immediately. One of those challenges is our budget deficit. The 2008-09 budget deficit along with the "legacy" deficit that we inherited totals \$306 million. This is entirely unacceptable. As the Emergency Financial Manager I am deeply committed to bringing forth a balanced budget for 2009-10, to addressing the legacy deficit during 2010-11, and to creating a five-year financial plan that is fully guided by the goal of enhancing student achievement and is based on a long term academic plan that will make the Detroit Public Schools a model for urban education in the 21<sup>st</sup> century. This five-year financial plan will detail the district's strategy for paying down the \$306 million debt.

To fill this budget deficit and to right size the Detroit Public Schools so that available resources may be maximized for the over 95,000 Detroit Public School students, more schools will have to be closed, more positions will be impacted, and programs will continue to be carefully reviewed. Our framework for a multi-year financial plan must be as comprehensive as possible and will include a review of workforce costs, revenue and service level trends; the implementation of 21<sup>st</sup> century infrastructure to support 21<sup>st</sup> century education; a review of our transportation system and fleet operations; a review of our food service operations; and an audit of our safety and security procedures. Most significantly, our cost savings measures must also include a thorough review of the operations of our central office including staffing levels; engaging in discussions around affordable labor agreements; analyzing and implementing health benefit redesign;

reforming our workers' compensation policies; implementing performance measures; and evaluating our policies and procedures around our HR and contracting functions. We will review all vendor justifications and rates. We will cancel unjustified service agreements and reform purchasing processes. We will reform our federal grants management processes to obtain compliance with federal and state law, and we will renew corporate and foundation partnerships.

We must also address safety and security as well as our fundamental infrastructure throughout the district. Safety, security and school climate must be at the forefront of our decision making - both on campus and in the community. Two weeks ago, I presented our plan to make the necessary investments at all schools that will be receiving new students in the fall. This plan is designed to address the immediate student quality-of-life issues that our children face on a day-to-day basis. We are going to focus our initial efforts on a "summer rush" program. As such, we will have contracts ready to go the day after the end of this school year to make the necessary facilities improvements to upgrade our learning environments for our students. We have also requested \$200 million in state stabilization funds from the Governor's office to make the necessary improvements in our educational infrastructure across the city of Detroit. I firmly believe that these projects meet the criteria established by the President of the United States for the use of stimulus dollars. These projects are shovel-ready, they will create jobs for Michigan residents, and they will build the classrooms necessary for 21<sup>st</sup> century teaching and learning.

In addition, we must undergo a full scale review of our internal controls particularly in the areas of finance, federal grants management, human resources, and contracting and procurement. These functions represent a foundation for our internal operations and it is imperative that we address the challenges that have led to persistent audit findings over the last several years. I intend to move quickly to put into place the necessary measures that will resolve a majority of these findings by the end of the summer.

#### **DPS Successes**

Despite these and other challenges that we will have to address over the next year, I also believe that we have to celebrate our success. I am aware of how important education is to this Legislature, and frankly how much time you have devoted to discussing both the challenges and opportunities within the Detroit Public Schools. These challenges have been well documented. Yet, there are also numerous success stories that often do not receive the attention they deserve and I would like to share some of those with you this afternoon. I was recently informed by Senator Clark-Coleman several weeks ago about how our Renaissance High School singers performed two selections in the Senate chamber and how they captured everyone's attention with their musical talent. This performance was on the occasion of Renaissance being named one of the best academic high schools in the country. And we know that Renaissance is not alone. There are children in DPS performing at remarkably high levels. Our task is to ensure that these opportunities are present in every school. Additionally, five of the best high schools in America are located within DPS according to the *US News & World Report*. At Davis Aerospace High School, for example, students can learn to fly. DPS has Michigan's only two single-gender college preparatory public high schools. We have a school offering total immersion in one of several foreign languages. And we boast 80 National Board certified teachers and 10 Milken Award winners - more than any school district in the State of Michigan.

### **The Urgency of our Work**

We are under no illusions, however, in the city of Detroit about the challenges we face in our school system. In fact, I can personally say that this is the most difficult work of my career. Our work must be done with a laser-like sense of urgency, and must be undertaken in the context of a vision for 21<sup>st</sup> century education throughout the Detroit Public Schools. With this sense of urgency, we will move forward with developing a Master Education Plan that will provide a student centered academic foundation for our school system as well as guide the development of our financial work. We will develop a master facilities plan that is aligned to our academic needs and we will develop a five-

year financial strategy that will put the Detroit Public Schools in a financially stable position. To be successful in this endeavor will require an all hands on deck approach. I believe that we have no other option. I appreciate the opportunity to testify before you this afternoon and I look forward to addressing your questions and to working with the committee as we move forward with our reform efforts.